GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:4941
ANSWERED ON:26.04.2000
CREDIT FOR AGRICULTURE
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Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Union Government have estimated the total credit requirements of Agriculture Sector;

(b) if so, the details thereof, State-wise;

(c) to what extent that the financial Institutions are catering for the total requirement; and

(d) the steps being taken/proposed to be taken by the Government to set up institutional finance to Agriculture?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE

(SHRI SBPBK SATYANARAYANA RAO)

(a)& (b) : As per the assessment made by the Working Group on Agricultural Credit and Cooperation constituted by the Planning Commission the total institutional credit requirements for agriculture and allied sector for the IX Plan period is estimated at Rs. 229,750 crores.

(c): Actual ground level disbursement of institutional credit for agriculture and allied activities during the years 1997-98 and 1998-99 was Rs. 31,956 crore and Rs. 36,897 crore respectively.

(d): With a view to strengthening the institutional credit system in the country for providing adequate and timely credit to Agriculture Sector, various measures/ initiatives taken are indicated in the Annexure.

ANNEXURE

Steps/initiatives taken for strengthening the Institutional Credit system in the agricultural and allied sector.

(i) A proposal has been initiated for revamping of Cooperative Credit Structure to ensure timely and adequate availability of credit to the farmers.

(ii) The State Governments have been advised to constitute Standing Committees to assess therequirements of agricultural credit for the Rabi and Kharif seasons and to review the performance thereof.

(iii) Steps have been initiated for reformulation of Multi-State Cooperative Societies Act, with a view torestoring the autonomy of the cooperative institutions.

(iv) Action has been initiated to amend the National Cooperative Development Corporation (NCDC) Act1962 to diversify the activities of NCDC and to provide it operational freedom and access to resources.

(v) For maintaining increased credit flow at the ground level and ensuring adequate coverage of neglected/backward regions including North-Eastern Regions, NABARD has been requested to relax itsnorms relating to minimum recovery for sanction of credit limits and norms in the discipline of Minimum Involvement.

(vi) As a part of comprehensive restructuring package, equity support has been provided to Regional Rural Banks.

(vii) State Level Agricultural DevelopmentFinance Companies have been set up in the States of TamilNadu, Andhra Pradesh and Karnataka with the objective of strengthening the flow of credit for commercial or high technology agriculture, export oriented agriculture and allied activities including infrastructure support systems.

(viii) The Cooperative Bank of India has beenregistered for being set up in order to enable the Cooperative Credit Structure to impart greater internal mobility to its resources and access to external sources of assistance.
(ix) Guidelines in regard to requirement of collateral security by way of mortgage of land/charge on land or third party guarantee have

been liberalised.
(x) Recommendations of the High Level Committee (R.V. Gupta Committee) set up by the RBI to suggest measures for improving the credit delivery system have been implemented.
(xi) A model scheme for issuance of Kisan Credit Cards (KCC) to farmers for adoption by the banks to enable them to readily purchase agricultural inputs such as seeds, fertilizers, pesticides, etc. and draw cash for their production needs has been implemented.
(xii) The Scheduled commercial banks including RRBs have been advised to provide 40% of the outstanding advances to priority sector borrowers. Similarly, banks have been advised to lend 18% of the net bank loan to agriculture sector.
(xiii) Interest rate on refinance proposed by NABARD for Minor Irrigation, Self Help Groups, Cold storage etc. have been rationalised. Interest rates for higher slabs of refinance have also been reduced for other sectors.
(xiv) To quicken the pace of investments in Agricultural activitites by the Public sector, an independent fund called Rural Infrastructure Development Fund(RIDF) has been constituted by NABARD.